

THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2016, QUARTER SEPTEMBER 30, 2015

	NOTES	JULY THROUGH SEPT	YEAR-TO-DATE
REVENUES			
Civil penalty	1	\$ 1,225,355	\$ 1,225,355
Interest income		18,536	18,536
TOTAL REVENUES		<u>1,243,891</u>	<u>1,243,891</u>
EXPENDITURES			
Goods and Services			
Adjudication system vendor contract	2	245,934	245,934
Administrative hearing	3	75,508	75,508
Credit card and bank fees		39,984	39,984
Other	4	40,116	40,116
Total Goods and Services		<u>401,542</u>	<u>401,542</u>
Salaries and benefits		43,244	43,244
Capital Outlay	5	<u>717,752</u>	<u>717,752</u>
TOTAL EXPENDITURES		<u>1,162,538</u>	<u>1,162,538</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>81,353</u>	<u>81,353</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out -			-
TOTAL OTHER FINANCING USES		-	-
NET CHANGE IN FUND BALANCE		81,353	81,353
FUND BALANCE - BEGINNING		<u>18,510,019</u>	<u>18,510,019</u>
FUND BALANCE - ENDING		<u>\$ 18,591,372</u>	<u>\$ 18,591,372</u>

The notes to the financial statements are an integral part of this statement.

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Tolling Subsidiary Accounting System – Repeat independent audits of service organization controls (SOC) have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

Detailed Notes

- 1. Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty. Civil Penalty Revenues decreased by 18% from last quarter, increase is partially related to recovery from last quarters' \$538,571 reductions in revenue to correct duplicate entries from July 2012 to March 2015 resulting from a system defect and waived penalties supported by the Customer Program for Resolution (CPR) program.
- 2. The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 3. Administrative hearing** – The Office of Administrative Hearings (OAH) has the necessary expertise to provide fair and impartial administrative law judges (ALJs) to preside over the toll violation dispute processes. OAH provides ALJs to preside over and/or decide the toll violation disputes. These costs include labor hours for the ALJs for their services performed for Toll Adjudication, Training and Administration.
- 4. Other Goods and Services** – Expenditures for the 520 bridge's share of adjudication costs. These costs include supplies, communications, services provided by outside vendors, printing, and settlement costs.
- 5. Capital Outlay** – Proviso funding for the SR 520 Westside Design Development project.